



Advice from [Jason Cohen](#), founder of [WP Engine](#) & [Smart Bear Software](#).

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How cold calling (properly) works better than AdWords

November 14, 2011 [67 Comments](#)

*This is a **guest post** from Robert Graham — a solo bootstrapper who [blogs about the experience](#). Robert has been working in software since 2005. He is a Ph.D. dropout who spent time working for Google. Someday he'd like to work for himself.*



"And who may I ask is cold calling?"

When I started marketing my first webapp almost two years ago, I started the way I imagine most people do: online. My mom recently started publishing online courses and my eighty-one year-old grandmother has an iPhone.

SEO is extremely powerful, but it takes time. I didn't know much about marketing and I hadn't prepared for the kind of lead time necessary to be effective. Search Engine Marketing and online ads on the other hand can be set up in minutes. Anyone can sign up and unleash an AdWords campaign.

So, AdWords... How's that working for ya?

I thought I understood AdWords pretty well. **I even worked on the AdWords API team as an intern at Google.** I logged on, created an account, pumped out a few ads, and began awaiting approval. It was great. I didn't have to leave the building or make messy pitches to humans. Google could tell me how many people would see the ad in a day. Even with my small niche and low traffic keywords, I'd have plenty to get started. I figured the real problem now was scaling my web application with the influx of new users and handling the overwhelming number of requests to pay me.

It turns out that AdWords is not as simple as it sounds. **You need clever, carefully crafted copy and well-designed landing pages.** You can't sell anything without significant traffic, especially since 80% of it is crap even with a good campaign, and it is preferable that some of that traffic is not costing you dollars per click.

On top of that, **the cost has escalated tremendously** over time. Those higher costs make learning to write ads, manage campaigns, A/B test, and design landing pages a very expensive activity for an early stage, bootstrapping startup. Each of those pieces merits its own book alone. Writing the ads is an extremely valuable skill set. Those ads must be perfectly tuned and targeted text missiles that leave potential customers with a thunderstruck need to open their wallets. I found that my product was difficult to express succinctly within the constraints of a small text ad. I paid good money to get people to click, **but if they didn't**

buy I was left wondering why. You can add surveys, but online text ads are just not a high-fidelity connection with a customer. Additional interactions or elements on a landing page will often curb your conversion rate.

Some niches are perfect for AdWords, but many are not. These two types of niches usually look pretty similar to the uninitiated. After some dismal results and a \$150 spend I had nothing to show for it. No new customers and no understanding of what went wrong after they hit my page. This was a low point for me. **Failing fast is only useful when you learn something.** Of course, I had spoken with people in developing the product. I had a lot of positive feedback and interested prospects, but pushing beyond my contacts was a new challenge. I killed the campaign and decided to try something new. I wanted to exhaust my options. After a few experiments, I decided to try cold calling.

Phone, Robert. Robert, Phone.

No one likes cold calls and they don't work, but I didn't want to give up. I searched around and came up with a list of a couple dozen numbers. This is secretly a big win. I had a good idea what my customers should look like. I could pick out the best candidates from magazines, directories, and webpages. Say what you will about the power of targeting on Facebook or AdWords, I manually collected contact information for 20+ ideal customers without too much effort.

I'd like to tell you it was smooth sailing from there, but the truth is that calling people I didn't know to pitch a product or set up a meeting was terrifying. I didn't fear the social aspect of rejection as much as learning that my idea was bad, unworkable, and I had wasted my time. When I finally made a call or two and found myself hanging up on a voicemail prompt, I congratulated myself on overcoming my fears and called it a successful day.

After another week of self-congratulation and bad excuses, I actually made contact with several prospects on the phone. They were all happy to speak with me for a few minutes, but only when I didn't try to sell them anything up front. When I reviewed my notes from the early calls, I found I usually forgot to ask certain questions or I failed to collect information I really wanted to get. I know that I have reservations about sounding like a salesman. In my earliest calls that really hurt me because I used that as an excuse to avoid planning for objections and preparing for the calls.

To fix this, **I began to script all of my interactions on the phone. I kept notes on objections and the success of my responses.** At first, I started my calls with a two to three sentence monologue about who I was and what I was doing. It usually went something like:

"Hi. I'm Robert Graham and I'm an internet entrepreneur working on software for deer management. I thought you might be interested in this project and I'd love to chat with

you about it for fifteen minutes.”

This is broken because I’m leading with too much information about myself and I identify myself upfront as trying to sell them something even if it is a bit subtle. I reformed the script a bit over a few calls:

“Hi I’m Robert Graham. I’m really interested in learning more about deer management. I noticed you guys on the [location] and was impressed by your work on [thing]. I was hoping you could chat with me for a few minutes about it.”

This is an improvement because I start talking about them almost right away and I show that I’ve done my homework on them. No one tries this hard. It really connects with people, but beware of sounding like you’ve done more homework than you have. It can come back on you. This script got people talking. It’s a good way to open a cold relationship to a followup, but it limits where you can take the conversation.

Each of these small insights increased my comfort and success in closing calls. The biggest realization was that direct rejection or passive deflecting rejection didn’t mean a lot by itself. Those scenarios usually provided me with information about a technique I could add, a customer need I had missed, or gave a clearer picture of who my customer really was. One call I made turned into a pleasant chat with a gentleman who lived nearby and had a soft spot for entrepreneurs. He had studied business at Harvard and was an executive in the startup that built the first railroad from Brazil’s agricultural heartland to Sao Paulo. His connection to deer management was as a retirement hobby. This turned into a theme across several prospects. Many were former entrepreneurs starting a business in the whitetail deer industry as a hobby. This allowed me to connect as a young guy starting a new business and it played into what language I used and questions I asked. Mentioning that I was ‘starting something on the side’, ‘trying to understand the market’, or ‘filling a need I saw in the market’ would often add to rapport. At some point I realized that I could improve closing if my approach was incremental, **but I had to avoid sounding like a salesman, and I needed a reason for them to talk to me again.**

I decided I would offer to write them up on my customer-focused blog in return for a tour of their facility and a short interview. It gave me blog content, a personal chance to add customers, and a way to learn a lot about my prospects. It gave them some traffic, a relevant link, and a blog mention they could point to for social proof. **This was clearly a win-win.** I had a reason for them to continue talking to me.

“Hi, I’m Robert and I run a blog focused on deer management. I am looking for a few people to visit, tour your facilities, and talk with you about your business. I can then write up the experience and link you up on the blog.”

This is a huge improvement because it opens the relationship, has a focused call to action, offers them something instantly, and keeps the initial call very short. I

can bring up anything when we speak in person and it's easier to gauge what to say when you can read body language. I usually brought a battery of questions with a blog article in mind, but I also sprinkled in questions about what they used to solve the problems I was working on and tried to understand if I could help them. If I could, I would dive in there.

One guy was extremely skeptical on the phone and told me so. He was on full sales alert. He asked exactly what I was getting out of all this. I just explained the truth.

"I'm working on an online software product for deer management and I'm looking to learn from people in the industry and make some connections. I think the blog is a win-win way to do that. Low risk for everyone."

Sure enough, each and every prospect, skeptical or not, I used this pitch on agreed to have me out. I booked a week of appointments in a handful of calls. I was so successful, I was forced to start telling people I would contact them the following month to set a date. I had too many appointments and too many blog posts to write. **Making the pitch a true win for both of us was the magic that generated the 100% conversion to the next step, but each small piece of experience and learning contributed to that success.** I learned a lot about my business from each visit. I didn't close 100% to sales, but those relationships have yielded a lot more than a simple close. Many people have contacted me weeks or months after our first conversation and ask if I'm still solving the problems we talked about.

But...

I didn't execute AdWords very well. Isn't that the source of my failure?

I am sure this hurt me, but I think I managed the campaign as well as most engineers in my position would. I didn't start with any expertise in telemarketing either, but it has fewer elements and more direct feedback loops.

Isn't it better to use marketing methods like AdWords consistently? Wasn't my spend too small?

Yes and no. It's better to use AdWords when you understand your customers and their language. It also helps to have data on what you can spend and stay profitable. Consistency is only great in AdWords when you are consistently making money. Other marketing vehicles are a little different. If anything, my spend was 100% too large.

It won't scale.

Not every activity should. No one buys products because they scale well. People like a personal touch.

At this point in my company it was *far* more valuable to land a dozen orders, learn a ton about what my customers really think, how they speak about their own problems and my product, and therefore figure out exactly how to thrill them and sell them. This part doesn't need to "scale," it just need to happen. The only way for it to happen is to talk to a lot of people.

Verify that there is a business to scale first. Scaling is one of those good problems to have. It's also a very different problem than you have at the beginning.

Take-Away

Don't do what everyone else does. Stretch yourself in new areas. Reach out to customers and develop personal relationships. Those relationships will change everything about your business in a way that online conversions can't.

Your niche may not be a suitable one for success in cold calling, but **there is only one way to find out.**

And even if you end up not being able to *scale* your business on cold-calls, it's hard to believe you won't learn a lot of valuable information in the process.



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**Robert Cavezza** • a year ago

I don't subscribe to any blog, but I just subscribed to this one.

What a great post - it goes to the the importance of qualitative feedback in a startup's early stages. To be honest, a startup should not be doing activities that scale at this stage, they should be doing activities to see what they are doing wrong and get as much customer validation as possible.

You really need to work your ass off to get the first 5-10 customers. If you can't do that, you have problems and you may need to pivot.

2 ^ ▾ • Reply • Share ▸

**charmistry** • a year ago

"After some dismal results and a \$150 spend I had nothing to show for it."

\$150 is not nearly enough to properly test the viability of your adwords efforts. For statistically significant results, I usually aim to spend about \$500.

Remember, Adwords isn't magic ... any more than cold-calling is.

2 ^ ▾ • Reply • Share ▸

**Erica** • a year ago

For further reading on this topic, here is the best book I have ever read on cold calling. Sounds like the author of the post in particular (and anyone else who wants to cold call for success) would get a lot out of this book:

<http://www.amazon.com/gp/produ...>

2 ^ ▾ • Reply • Share ▸

Guest → **Erica** • a year ago

Thanks, I just bought it on Amazon and downloaded to my iPhone.

0 ^ ▾ • Reply • Share ▸

**Alan VanToai** → Guest • 10 months ago

Nice try, Erica ;)

3 ^ ▾ • Reply • Share ▸

**wfjackson3** • a year ago

I am about to start doing cold calls for my first time ever. I am not sure how much of this is immediately useful other than the obvious

script, measure, rethink process. That said, I imagine I can come back to this in about a week and learn a bunch about how I screwed up.

1 ^ ▾ · Reply · Share ›



Nom nom · a year ago

Ah ha, I thought I remembered this from a few months back. Nice article, though.

<http://www.whitetailsoftware.c...>

1 ^ ▾ · Reply · Share ›



Rgraham → Nomnom · a year ago

Yeah, you've got the right article. This one is from a different perspective and adds some thinking that is further removed from that one experience. I hope you got some new ideas out of it.

0 ^ ▾ 1 ▾ · Reply · Share ›



John McFarlane → Rgraham · a year ago

Robert, out of curiosity, did anyone hang up on you or maybe take your call but appear hostile?

Was making the connections with those people more important to you at the time? I mean more important than selling at that time.

0 ^ ▾ · Reply · Share ›



Rgraham → John McFarlane · a year ago

I never got real hostility. I've talked to a few people who made it clear that they weren't interested and did so in a hurry, but no one was rude.

I was doing customer development for a new product idea in that industry.

0 ^ ▾ · Reply · Share ›



John McFarlane → Rgraham · a year ago

I imagine that it helped somewhat because i think that even just one person being rude could scare some people from making more calls temporarily.

0 ^ ▾ · Reply · Share ›



Jamie McHale · a year ago

This is exactly what I'm doing today!

I think calling personally really helps. It means that you have to have developed an answer to tough questions about what you are doing. It forces you to boil down your core proposition to a few key points that

forces you to boil down your core proposition to a few key points that are in line with the customer requirements.

1 ^ v · Reply · Share ›



Rickyh · a month ago

So how did your product turn out?

0 ^ v · Reply · Share ›

TS

Lap · 9 months ago

Great post. You went through the same realizations that I did when I did cold calling! Great to know someone else out there went through the same thing.

0 ^ v · Reply · Share ›

Lyle McKeany · 10 months ago

Cold calls can be tough to make yourself commit to, but they can provide some rewarding results. When you convert a sale from start to finish on your own, it feels great.

0 ^ v · Reply · Share ›

Construcao · 10 months ago

Very nice post. This encouraged me to start cold calling again!

0 ^ v · Reply · Share ›

Steph at Book More Brides · 11 months ago

Love this insight into thinking like a customer! I absolutely hate the sales pitch, but I love the win-win relationship.

Thanks for sharing in a clear, actionable way.

By the way, we'd love to feature some of your business tips on our blog. :) Seriously!

0 ^ v · Reply · Share ›

Guest · a year ago

This was the perfect post at the perfect time for me. I spent the past 3 weeks building out the ideal landing page for site that sells an online technical training program for sales operations analysts. The earlier feedback I received from a survey I hosted on a LinkedIn group for sales operations managers indicated that this could be a needed service that is currently under-utilized.

Over the past few days of intensive analysis of my AdWords and AdCenter campaigns, there is just no getting around the fact that this type of training is so ahead of the curve and has such limited search impressions, that no amount of tweaking my AdWords "quality score" or maximum CPC is going to produce the immediate income I need. Thank you for confirming my suspicion

you for confirming my suspicion.

I have also licensed a telemarketing list from the Silicon Valley Business Journal and can filter it by relevant industry and begin a highly targeted telemarketing campaign. I'm quite sure that by using your suggestions in this article, that the telemarketing effort will be much more successful

[see more](#)

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Adam Lehman · a year ago

Fantastic post, not just for start-ups but for sales pros. I'm in sales & marketing and the key complaint is often that hot-leads aren't pouring in the doors. Too often we don't see cold-calling as an ultra-personal lead-generation-mechanism. We can learn so much from prospects and the market that simply isn't possible via online interactions.

FWIW: I'd suggest both. Our company leverages a "push-pull" methodology of "pushing" with cold-calls alongside strong internet marketing "pulls."

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Roger Hamilton · a year ago

Roger Hamilton

Nice article, i would like to add that in these ever evolving times people need to learn from how Social entraprenures bring about a real change to real issues by recognising the opportunities that lie within failures

0   · [Reply](#) · [Share](#) ›

99Launches · a year ago

I have lot's to say but in the my short time I will just have to say Great Post!! I can not say nearly enough about how important personal relationship is! Business success is secondary. We need to develop personal relationships because these are the things that can also help us when times are bad! Nice out of the traditional box approach...A+!

0   · [Reply](#) · [Share](#) ›

Manoj Shinde · a year ago

Cold calling is the only thing I have not tried yet for my invoicing software. But after reading this post, I am sure to make it happen.

Thank you for the post!

0   · [Reply](#) · [Share](#) ›

Startup_Lunchbox • a year ago

Really great article. I've previously had a similar problem with Adwords and I even paid someone to set them up. Despite an odd day one spike the meaningful traffic always tailed off and because there was no customer interaction it was hard to understand what was happening. Adwords can seem easy but it's not and as you rightly point out there are other options that well executed can be of real value to your business for more than just sales. Is Adwords too saturated to work without deep pockets? Are we entering a post Adwords world?

0 ^ ⋮ v • Reply • Share ›

Jason Cohen Mod → Startup_Lunchbox • a year ago

AdWords can still work for some people. Also as the gross profit of a customer increases -- and therefore the cost of customer acquisition is allowed to increase -- they become plausible even if they're not particularly efficient.

But it seems that by definition it will become harder and harder to find a "deal" on AdWords because more people enter and bid.

There are other factors at work, but in general the average price of a keyword will go up.

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Startup_Lunchbox → Jason Cohen • a year ago

Perhaps another way to say it is that we might be at the end of seeing the hype around Adwords being the magic marketing solution. I've been at seminars where some pretty well known entrepreneurs basically said that key word advertising (adwords etc) were the be all and end all of marketing and there wasn't any need to look much further. Oh and it was the cheapest method possible.

What I liked about your article is that it grounded the discussion. And it reminds startups that there are other reasons to get out and do some face to face relationship building.

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John McFarlane → Startup_Lunchbox • a year ago

Are those, including yourself

Startup_Lunchbox using any paid tools for keyword research when experimenting with adwords or are you only using googles free tools?

0 ^ ⋮ v • Reply • Share ›

giffc • a year ago

enjoyed the post Robert. I remember back to a sales training

class when we each had to practice a 30-second voice mail and then give it to the rest. We all thought we, as individuals, sounded artificial, but then realized that no one else did -- they just sounded organized. Then we realized that we probably sounded organized and not artificial too.

and thumbs up on the blog strategy. that has worked well for me too.

0 ^ ▾ · Reply · Share ›

Randy Zeitman · a year ago

You learned a hard lesson fast, that 'offering' isn't about giving them (objective) value but about (subjective) validating because you're in a service-niche, you're selling trust, not trinkets.

When you wanted to find out more you were essentially playing a customer role. Same if you were calling seeking folks to become beta testers - big potential payoff for them, easy access to whatever you wanted to put in the survey for you.

0 ^ ▾ · Reply · Share ›

Jeremy Powers · a year ago

I learned the value of scripting introductions and voicemails the hard way. You quickly memorize the basic message, and it sounds natural within a day.

Great article. Add a series of personalized letters before you make the call, and your sales rate will improve.

0 ^ ▾ · Reply · Share ›

John McFarlane · a year ago

On the subject of cold calling, do you Robert or anyone else worry about any negative effects of it? Like the risk of annoying enough people with unwanted calls to the point that it could create a bad reputation for a product/service that is in the very early stages.

I read your results as positive, but i imagine that cold calling although very different to using PPC could be done quite badly by some people and you only get one chance to make a first impression.

0 ^ ▾ · Reply · Share ›

DP · a year ago

Thanks for sharing your experiences. I think you make a good point in that startups shouldn't overlook picking up the phone and speaking with potential customers. There's a lot to learn there and the time investment might very well make sense at that early stage.

As a PPC consultant, I have built numerous Adwords campaigns. I know that some products/services may be more suitable to convert through PPC, and I work with my clients to set those expectations. My initial

reaction to your article is ... why silo these two specific tactics against one another as an either/or? Use your cold call learnings to optimize your PPC keywords, ads, and landing pages. Stick with PPC long enough to use the conversion data to refine your cold call approach. Over time PPC will show you what phrases, locations, and topics tend to convert better. Use that information to alter your call scripts, prepare for certain objections, or even determine what areas of the country to call first.

Structuring an Adwords account correctly upfront is extremely important, but I've found that it's the optimization of the account over time that allows you to eventually achieve a CPA/CPO number that makes sense for your business. And, you can use the data you collect through PPC to potentially improve your other channels ... email, display, print, etc..

Thanks again for sharing!

DP

<http://clicktoast.com>

0 ^ ▾ · Reply · Share ›

Dave Collins · a year ago

I agree that AdWords is hellishly complex, but we make it work very well for our clients. Saying that B is better than A based on your own experience of A is far from accurate. If we handled your A you'd feel quite different!

0 ^ ▾ · Reply · Share ›

[wdatt](#) → Dave Collins · a year ago

Adwords is way too complex and managing it correctly takes a lot of analysis and research and time. In certain contexts, its the best thing to try. However, in certain contexts, cold-calling is the best thing to try. If you want to develop a really personal relationship with customers and your product is geared towards that type of personal relationship, its great to call people directly. A lot of companies also focus on SEO efforts or social media. I know that a lot of businesses are using some of the services listed at <http://www.buyfacebookfansrevi...> to try and reach out to potential customers because of how important Facebook has gotten in peoples lives. Regardless of what you choose, you should measure the ROI and figure out if something is actually worth it or not. Cold calling can be great, and its relatively cheap (if you already have leads) but it can also be stressful if you haven't got the personality type for it and that might not make for a successful business strategy. I think that the idea of calling people and offering them something for free is a good strategy because often-

times when you get a call from somebody asking for money you think of telemarketers and are likely to hang up. That is the best approach I have but its still not always a great one. Still, depending on what business you're in, it may very well be the best possible strategy.

0 ^ | v • Reply • Share ›

Rgraham → Dave Collins • a year ago

You do realize that you just claimed A was better than B based on your experience of B, right?

That aside, I'm happy to admit that AdWords can work great and I'm not the best person to make it work for you (or me). I think people should try lots of things. Who knows what will stick? Most startup founders these days are probably trying AdWords before cold calls.

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aleks barilko • a year ago

This approach sounds like a great leveraging of personal and business ego. Any good sources for structuring these types of effective cold call scripts?

0 ^ | v • Reply • Share ›

Erica → aleks barilko • a year ago

Try this book; it's the best I've ever read on cold calling (and includes scripts). I'm about to try out its tactics for myself; I'll be sure to write a post on my own blog when I do:

<http://www.amazon.com/gp/produ...>

0 ^ | 1 v • Reply • Share ›

Usama Bin Ladin → Erica • a year ago

Stop SPAMMING

3 ^ | v • Reply • Share ›

Rgraham → aleks barilko • a year ago

I don't know of books or sites dedicated to that topic, but there was a good comment or two on HN (<http://news.ycombinator.com/it...>

Besides these pointers, I'd say get a list to call and iterate. You'll learn quickly if you can persevere.

0 ^ | v • Reply • Share ›

crobgun • a year ago

Robert, thanks for sharing this - really liked the way you

changed your approach with the experience from every call you made!

0 ^ ▮ ▾ · Reply · Share ›

Billsahiker · a year ago

"Some niches are perfect for AdWords, but many are not." How to determine if my niche is suitable for AdWords.

0 ^ ▮ ▾ · Reply · Share ›

Rgraham → Billsahiker · a year ago

You'll probably have to test it to know for sure.

Reading <http://blog.asmartbear.com/get...> is a good starting point.

If you know your ideal customer, they are online, they search for the problem you are solving, you know your life time value of a customer, the competition for your keywords is low, your product can be sold solely online, and you can afford consistently using AdWords as a channel for months...your niche is about perfect for AdWords.

0 ^ ▮ ▾ · Reply · Share ›

Billsahiker → Rgraham · a year ago

If I know all those things I should be able to get high positions through SEO alone. I am on page 2, occasionally on page 1 so I am thinking I dont need AdWords

0 ^ ▮ ▾ · Reply · Share ›

John McFarlane → Billsahiker · a year ago

As long as good rankings are for keywords that work, keywords that bring in the right traffic that actually converts at some point.

The keywords could be spot on, then the landing page could let you down, similar situation in PPC.

So much experimentation necessary i would say.

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Billsahiker → John McFarlane · a year ago

"experimentation" is spot on I think. And the amount of resources that consumes may be what kills a lot of AdWord campaigns. My guess is that hiring a highly experienced and skilled AdWords consultant (I am not one, but am looking for one) pays off, provided basic criteria are met as Rgraham pointed out

1 ^ ▮ ▾ · Reply · Share ›
